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MC DVI Fund 1, LLC, and MC DVI Fund 2, LLC

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA – SANTA ANA DIVISION

In re
THE LITIGATION PRACTICE GROUP P.C.,
Debtor.

Case No.: 8:23-bk-10571-SC

CHAPTER 11

**JOINDER IN OBJECTION TO NOTICE
OF INSIDER COMPENSATION FILED
BY THE OFFICE OF UNITED STATES
TRUSTEE**

[Hearing Requested]

Date:

Time:

Courtroom: 5C – Virtual¹

¹ Accessibility information will be posted into the Court's tentative ruling prior to the hearing. Parties can obtain such accessibility information on Judge Clarkson's posted hearing calendar which may be viewed online at: <http://ecf-ciao.cacb.uscourts.gov/CiaoPosted/?jid=SC>

**TO THE HONORABLE SCOTT C. CLARKSON, UNITED STATES BANKRUPTCY
JUDGE, THE OFFICE OF THE UNITED STATES TRUSTEE, THE DEBTOR, DEBTOR’S
COUNSEL, AND ALL PARTIES IN INTEREST:**

Debt Validation Fund II, LLC, MC DVI Fund 1, LLC and MC DVI Fund 2, LLC
(collectively, the “Creditors”) hereby join in the *United States Trustee’s Objection to Notice of
Setting/Increasing Insider Compensation of Daniel March and Request for Hearing*, docket no. 56
(“Objection”).

The Litigation Practice Group P.C. (the “Debtor”) filed a voluntary petition under Chapter
11 of the Bankruptcy Code on March 30, 2023 (“Petition Date”). Based on the Debtor’s original
Schedules and Statement of Financial Affairs, docket nos. 33 and 34, signed under penalty of
perjury by Daniel March (“March”), the Debtor owed no money to March as of the Petition Date,
had no employment contract with March as of the Petition Date, and made no payments to March
during the one-year period prior to the Petition Date. However, the Debtor’s Amended Statement
of Financial Affairs, docket no. 54, filed on May 1, 2023, now purports that March was paid a
salary of \$100,000 per month in the year prior to the Petition Date. The Debtor and March
provided no W-2s or 1099s, as required, in support of their request for approval of insider
compensation. Notwithstanding March having no history of being employed or paid any
compensation as an officer of the Debtor, and the Debtor having no business operations (because of
March)², the Debtor, led by March has the audacity to now come before this Court and request to be
paid an annual compensation of \$1.2 million.

Moreover, the Debtor’s amended Schedule D identifies several secured creditors holding
liens against the Debtor’s assets including accounts receivable, in the total amount of \$6,274,810.
See, Docket no. 52. Yet the bankruptcy case docket reflects that the Debtor has not filed any
motion for use of cash collateral, nor any stipulation with such secured creditors consenting to the
use of cash collateral. Moreover, there is no basis for the Debtor to obtain an order authorizing the
use of cash collateral here, where the Debtor cannot provide adequate protection. As a result, the

² See Creditors’ Motion to Dismiss, docket nos. 44 and 45.

Debtor has no authority to use cash collateral to pay any insider compensation.

In what alternative universe could March ever be justified any compensation, let alone \$1.2 million, in this case? Through his leadership, March has, among other things: (i) caused the Debtor to fraudulently transfer more than \$100 million of assets as part of his scheme to defraud creditors holding more than \$100 million of claims, (ii) subjected the Debtor to a plethora of lawsuits throughout the country, and (iii) retained, relied heavily on, and conspired with, Tony Diab, who was disbarred in California and Nevada, and had criminal proceedings commenced against him, to assist him in his fraudulent behavior. The Debtor's estate has more than \$100 million of fraud, breach of fiduciary duty, and other significant claims against March. March has no right to compensation.

Creditors respectfully request that not only that the proposed insider compensation be denied, but also that the actions taken by March and his cohorts be referred to the U.S. Attorney.

Dated: May 3, 2023

WINTHROP GOLUBOW HOLLANDER, LLP

By: /s/ Garrick A. Hollander

Garrick A. Hollander
Attorneys for Debt Validation Fund II, LLC, MC DVI
Fund 1, LLC and MC DVI Fund 2, LLC

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 1301 Dove Street, Suite 500, Newport Beach, CA 92660

A true and correct copy of the foregoing document entitled (*specify*): **JOINDER IN OBJECTION TO NOTICE OF INSIDER COMPENSATION FILED BY THE OFFICE OF UNITED STATES TRUSTEE** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):

Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **May 3, 2023**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- **Ronald K Brown** ron@rkbrownlaw.com
- **Shawn M Christianson** cmcintire@buchalter.com, schristianson@buchalter.com
- **Garrick A Hollander** ghollander@wghlawyers.com, jmartinez@wghlawyers.com; svillegas@wghlawyers.com
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- **Queenie K Ng** queenie.k.ng@usdoj.gov
- **Paul R Shankman** PShankman@fortislaw.com, info@fortislaw.com
- **United States Trustee (SA)** ustpreion16.sa.ecf@usdoj.gov

☐ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL: On **May , 2023**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served):

Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **May , 2023**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

May 3, 2023

Jeannie Martinez

/s/ Jeannie Martinez

Date

Printed Name

Signature